

19.3 2018/2019 PROJECTS OVER \$2,000,000.00 INCLUDING GST - DELEGATED AUTHORITY TO CHIEF EXECUTIVE OFFICER

Objective Reference: A3596527

Authorising Officer: David Jeanes, Acting General Manager Community and Customer Services

Responsible Officer: Graham Simpson, Group Manager Environment & Regulation

Report Author: Pippa Donaldson, Service Manager Environment & Education

Attachments: Nil

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

(e) *contracts proposed to be made by it.*

PURPOSE

The purpose of this report is to seek resolution from Council to delegate authority to the Chief Executive Officer to accept the tenders and make, vary and discharge all contracts over \$2,000,000.00 including GST, specifically for the IndigiScapes Expansion Project.

BACKGROUND

The IndigiScapes Expansion Project (in conjunction with the current IndigiScapes new nursery building) commenced following a Council resolution on 23 November, 2016.

It is anticipated that the Indigiscapes Expansion Project Main Construction Package, which is currently in a market tender phase, may result in an estimated contract value of [REDACTED] including GST.

ISSUES

The current process of seeking delegated authority, tenders (contracts) at an estimated value over \$2,000,000.00 including GST requires Council resolution to delegate authority to the Chief Executive Officer to make, vary and discharge various contracts.

Therefore, Council resolution is being sought to delegate authority to the Chief Executive Officer to make, vary and discharge the contracts associated with the IndigiScapes Expansion Project, Main Construction Package based on the anticipated contract sum exceeding this threshold.

This delegation will assist Council by reducing Project Delivery Group procurement timeframes as they would not be dependent on Council meeting dates and resolution timeframes. Award of the contracts would be expedited through the Chief Executive Officer's office once relevant internal stakeholders have reviewed and endorsed.

Should Council decide not to delegate authority to the Chief Executive Officer at this time, it will result in time delays with the procurement (Council resolution, contract award and construction of the projects) which could lead to additional costs to Council and potential loss of grant funding.

STRATEGIC IMPLICATIONS

Legislative Requirements

Procurement for this project will be undertaken in accordance with section 228 Tender process of the *Local Government Regulation 2012*, and Council's Corporate Procurement Policy POL-3043 which establish clear standards for financial management and the requested delegated authority outlined in this report do not put Council at risk of non-compliance.

Risk Management

Delays in the project would put Council at risk of losing approved State funding, not meeting Council's project targets and receiving increased negative publicity (non-performance) from the Redland City community.

Contractor risk

All construction risks will be identified through the Project Delivery Group (PDG) risk assessment process. Proposed construction methodology, site-based management plans, traffic management plans, environmental management plans and any other evaluation criterion identified by PDG officers will be requested at the time of procurement.

Appropriate corporate scorecard financial & performance assessment reports will be sought to ensure suppliers have financial capacity to undertake contracts.

Measures will also be taken to mitigate any risk (where possible). Risk mitigation includes two bank cheques/bank guarantees and an on-site superintendent validating payment claims.

Financial

The Coordination Committee Meeting Minutes dated 23 October 2013 recommended that under Section 257 of the *Local Government Act 2009* Council delegate authority to the Chief Executive Officer, power to authorise expenditure on behalf of Council up to \$2,000,000.00 if the expenditure is:

- a. In accordance with all legislative requirements;
- b. In accordance with all policy requirements;
- c. Is funded from Council's approved annual budget.

The total contract amount of the IndigiScapes Expansion Project Main Construction Package is estimated as being over \$2,000,000.00 including GST, which will be above the Chief Executive Officer's financial delegation limits and conditions, resulting in the need for a Council resolution being made.

People

There are not considered to be any people impacts associated with the resolution.

Environmental

There are not considered to be any environmental impacts associated with the resolution.

Social

There are not considered to be any social impacts associated with the resolution.

Alignment with Council's Policy and Plans

The resolution is in accordance with relevant provisions of the *Local Government Regulation 2012* and Council's Corporate Procurement Policy POL-3043, including Council's GL-3043-001 Procurement and Contract Manual.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Group Manager Project Delivery	21/12/18	Supportive of the recommendations
Service Manager Projects and Contractor Management	6/12/18	Supportive of the recommendations

Senior Tender and Contracts Officer	6/12/18	Supportive of the recommendations
Senior Management Accountant – Business Partnering Unit	21/12/18	Supportive of the recommendations

OPTIONS

Option One

That Council resolves to:

1. delegate authority to the Chief Executive Officer, under s.257(1)(b) of the Local Government Act 2009, to accept a conforming tender, negotiate, make, vary, discharge and sign all relevant documentation for IndigiScapes Expansion Project contracts over \$2,000,000.00 including GST within the approved budget; and
2. retain this report as confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.

Option Two

That Council resolves to not delegate authority to the Chief Executive Officer which will result in delays with the awarding of Contracts and the construction of IndigiScapes Expansion Project with the possibility of Council not meeting 2018/2019 construction commitments.

OFFICER'S RECOMMENDATION

That Council resolves to:

1. **delegate authority to the Chief Executive Officer, under s.257(1)(b) of the Local Government Act 2009, to accept a conforming tender, negotiate, make, vary, discharge and sign all relevant documentation for IndigiScapes Expansion Project contracts over \$2,000,000.00 including GST within the approved budget; and**
2. **retain this report as confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.**